

### The Credit Cardholders' Bill of Rights: Common-Sense Protections for Cash-Strapped Families

By Reps. Steve Driehaus and Michael R. Turner

Across the country, families are struggling every day to make ends meet during this recession. While we all have to tighten our belts to weather these tough times, too many Americans are finding themselves unable to pay for basic needs without access to credit. Credit cards must be used responsibly or costs can quickly escalate for cardholders. But even those who follow the rules and don't abuse their credit cards are finding their convenience lost in unwarranted fees and penalties.

Unfortunately, it has become far too common for credit card companies to charge excessive late fees, exorbitant interest rates, and costly penalties that can turn the advantages of a credit card into another unmanageable financial burden.

We often hear stories about credit card customers who learn that their interest rates are being raised, sometimes as high as 25 or 30 percent. In other cases, account holders' credit limits are arbitrarily lowered, leaving them with onerous fees and no room left to borrow.

That's why we voted for the Credit Cardholders' Bill of Rights, which the House of Representatives recently passed with strong bipartisan support. This reform legislation would put in place common-sense measures to help protect consumers and level the playing field between credit card companies and credit card customers.

This year, Americans will pay more than \$15 billion to credit card companies in fees and penalties. These charges too often affect consumers who play by the rules and pay their bills on time, but still find themselves owing more and more on their credit cards. This bill puts an end to arbitrary increases in interest rates on existing balances, and requires credit card companies to give adequate notice of all interest rate increases or contract changes. And, it stops excessive "over-the-limit" fees, and prohibits unfair penalties for cardholders who pay on time.

The Credit Cardholder's Bill of Rights also helps ensure that consumers are better informed before they open credit card accounts, and protects vulnerable customers from predatory practices. This legislation establishes clear definitions for terms such as "fixed rate," stating that the term may only be used to refer to an annual percentage rate or interest rate that will not change or vary for any reason over a clearly stated period of time. It prohibits companies from issuing credit cards to minors unless a parent, guardian, or spouse seeks joint liability for debts incurred.

This legislation is not about punishing credit card companies, and it is not about protecting people who lived beyond their means and ended up under mountains of debt. This bill is about protecting responsible consumers with rules that are fair to both borrowers and lenders. It enacts critically needed reforms that can help to restore consumer confidence and encourage investment.

We face difficult economic times, and it will be more difficult to put our nation back on the path toward prosperity if more Americans sink deeper and deeper in debt. The Credit Cardholder's Bill of Rights will help ensure that all Americans will be a part of our recovery and future growth. We urge the President to sign this bill without delay so that we can provide these new protections and a measure of relief for cash-strapped families across America.

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